

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6113

BILL NUMBER: SB 305

NOTE PREPARED: Apr 8, 2013

BILL AMENDED: Apr 8, 2013

SUBJECT: Child Care Regulation.

FIRST AUTHOR: Sen. Holdman

FIRST SPONSOR: Rep. Kubacki

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill has the following provisions:

- (1) Specifies requirements that must be met by a child care provider as a condition of eligibility to receive a federal Child Care and Development Fund voucher payment.
- (2) Sets forth a list of grounds for revocation of CCDF eligibility.
- (3) Sets forth a list of grounds for the revocation of licensure of child care homes and child care centers and registration of child care ministries.
- (4) Sets forth a statutory list of conditions that are considered to pose an imminent threat to the life or well-being of a child.
- (5) Provides that a child care ministry may be eligible for a probationary license in certain circumstances. (6) Provides that if the Division of Family Resources (DFR) determines that a child care ministry is not operated by a church or religious ministry that is exempt from taxation, the DFR shall issue a notice that the child care ministry does not meet the requirements to operate as a child care ministry and an order for the child care ministry to cease operations.
- (7) Extends the administrative review process for certain orders from the DFR to child care ministries.
- (8) Sets forth a judicial review process for orders regarding child care providers to cease operations.
- (9) Requires the Committee on Child Care to study and make certain recommendations during the 2013 interim.

(The introduced version of this bill was prepared by the Committee on Child Care.)

Effective Date: July 1, 2013.

Explanation of State Expenditures: Summary: This bill is expected to increase the workload of the Division of Family Resources (DFR) to oversee implementation of the requirements of the bill as they apply to child care providers.

Additional Information:

(Revised) *Division of Family Resources:* This bill (1) establishes new requirements for child care providers as a condition of receiving Child Care Development Fund (CCDF) voucher payments and (2) specifies licensure and registration requirements for child care centers, homes, and ministries in the state. The Family and Social Services Administration (FSSA) reports the DFR currently annually inspects (1) licensed and registered child care providers and (2) child care providers who receive CCDF voucher payments to ensure they meet requirements in current law. If this bill increases the number of child care providers found in noncompliance, it is expected to increase DFR workload to reinspect child care providers for compliance and provide remediation for those providers found in noncompliance. The FSSA reports the increases in workload will be absorbed under current staff and resource levels.

Additionally, the bill requires the DFR to establish a registration revocation process for child care ministries who are found to lack (1) affiliation with a religious organization or (2) recognition as a nonprofit organization. This revocation process is expected to be similar to license revocation for child care homes and ministries who are unable to comply with child care requirements in current law. Creating this revocation process for child care ministries would also fall within the routine administrative function of the DFR. Any increases in workload that could result from this bill are indeterminable but are expected to be absorbed with existing DFR staff and resources since child care ministries make up approximately 16% of the providers in the state.

Information from FSSA: FSSA reports the following information regarding child care facilities in the state and their associated caregivers since September 2011.

Total Child Protection Index Checks Performed Between September 2011 and October 2012		
Provider Type	Number of Programs/Facilities	Number of Caregivers
Center, Exempt	236	1,179
Center, Licensed	604	12,181
Home, Exempt	499	864
Home, Licensed	2,859	8,554
Ministry	783	9,705
Total	4,981	32,483

[The FSSA reports that of the data provided above, not all facilities report total number of staff and volunteers utilized in their operation. The data above also does not differentiate between child care provider employees and volunteers. Because of the limitations of the data, the actual fiscal impact may be greater than the estimates

provided in this fiscal impact statement.]

(Revised) *Committee on Child Care*: The bill also requires the Committee on Child Care to study certain topics concerning child care. This requirement is expected to be accomplished during the regularly scheduled meetings of the Committee and should result in no additional state impact.

Explanation of State Revenues: (Revised) *Summary*: This bill could increase revenue to the DFR Child Care Fund by an estimated \$8,000 per year, beginning in FY 2014.

(Revised) *Additional Information*:

The bill creates a registration revocation process for child care ministries and allows the DFR to seek remedy against child care ministries who operate without registering with the state. Currently, the DFR only has the ability to seek remedy against child care homes and centers who operate without a license.

The civil penalties in the bill, as they would apply to child care ministries, are the same as those that are applicable to child care homes and centers. Under the bill, the DFR could elect to levy a (1) maximum \$100 civil penalty for each day a child care ministries operates without a registration and (2) maximum \$1,000 penalty against a child care ministry for a violation of any provision of law governing child care. Revenue from penalties is to be deposited in the DFR Child Care Fund.

The Family and Social Services Administration (FSSA) reports only one unlicensed child care home was levied civil penalties during FFY 2012. The total amount of civil penalties levied against this violator was \$3,300.

Information on the number of child care ministries who operate without registering with the state is not available. Given the most recent data reported for enforcement actions taken against unlicensed child care homes and centers for CY 2013, an estimated 36 enforcement actions against unlicensed child care centers and homes are expected during CY 2013. These estimated violations make up approximately 1% of all licensed child care homes and centers in the state.

Based on the number of unlicensed child care centers and homes expected in CY 2013, an estimated eight unregistered child care ministries might be found to be operating without the required registration per year. As a result, the DFR Child Care Fund could receive approximately \$8,000 in civil penalties from child care centers and homes annually. Actual revenue the DFR Child Care Fund receives from civil penalties could vary (1) based on the number of child care ministries found to operate without registering with the state, and (2) the total amount of civil penalties levied against child care ministries.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA.

Local Agencies Affected:

Information Sources: Christina Hage, FSSA; Melanie Brizzi, Bureau of Child Care.

Fiscal Analyst: Bill Brumbach, 232-9559.